

**STATE BOARD OF ACCOUNTS**  
**302 West Washington Street**  
**Room E418**  
**INDIANAPOLIS, INDIANA 46204-2765**

REVIEW REPORT  
OF  
DEPARTMENT OF FINANCIAL INSTITUTIONS  
STATE OF INDIANA

March 1, 2002 to April 30, 2005





## TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
Agency Officials.....	2
Independent Accountant's Report .....	3
Review Comments:	
SDO Fund Disbursements - Gifts .....	4
SDO Fund Disbursements - Interviewing Expenses.....	4
Exit Conference.....	5
Official Response .....	6

AGENCY OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Director	Mr. Charles W. Phillips Mr. John P. Goddard (Interim)	01-08-01 to 06-30-05 07-01-05 to 01-11-09



# STATE OF INDIANA

AN EQUAL OPPORTUNITY EMPLOYER

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## INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF DEPARTMENT OF FINANCIAL INSTITUTIONS

We have reviewed the receipts, disbursements, and assets of the Department of Financial Institutions for the period of March 1, 2002, to April 30, 2005. Department of Financial Institutions management is responsible for the receipts, disbursements, and assets.

Our review was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. A review is substantially less in scope than an examination, the objective of which is the expression of an opinion on the receipts, disbursements, and assets. Accordingly, we do not express such an opinion.

Financial transactions of this office are included in the scope of our audits of the State of Indiana as reflected in the Indiana Comprehensive Annual Financial Reports.

Based on our review, nothing came to our attention that caused us to believe that the receipts, disbursements, and assets of the Department of Financial Institutions are not in all material respects in conformity with the criteria set forth in the Accounting and Uniform Compliance Guidelines Manual for State Agencies, and applicable laws and regulations except as stated in the review comments.

STATE BOARD OF ACCOUNTS

May 25, 2005

DEPARTMENT OF FINANCIAL INSTITUTIONS  
REVIEW COMMENTS  
April 30, 2005

SDO FUND DISBURSEMENTS - GIFTS

The Department of Financial Institutions made purchases from its Special Disbursing Officer Fund which were not proper for the fund. The agency purchased gift cards in the amount of \$154.50 for staff gifts.

Expenses which do not relate to the function and purpose of the agency including items of a personal nature are not allowed to be paid from the fund. (Accounting and Uniform Compliance Guidelines Manual for State Agencies, Chapter 7)

The Special Disbursing Officer is accountable at all times for all sums advanced and is personally liable to the State for any amounts expended in any manner not in accordance with the authorization. (Accounting and Uniform Compliance Guidelines Manual for State Agencies, Chapter 7)

SDO FUND DISBURSEMENTS - INTERVIEWING EXPENSES

The Department of Financial Institutions made reimbursements for interviewing expenses from its Special Disbursing Officer Fund (SDO) without the prior Budget Agency's approval. The agency reimbursed interviewees' parking fees. In addition, receipts for these fees were not retained.

An agency may reimburse persons seeking employment for interview expenses under the following terms and conditions:

(A) The commitment for reimbursement is at the discretion of the Agency Head, but reimbursement may not be promised to any person unless it is a necessary condition and only after it has had Administrative Approval as defined in subsection "C".

(C) Administrative approval is required, in writing, prior to incurring the obligation, in the following sequence:

(1) The Department, and

(2) The Budget Agency. (Financial Management Circular 2003-1, Section 8-4)

Supporting documentation such as receipts, cancelled checks, invoices, bills, contracts, etc., must be made available for audit to provide supporting information for the validity and accountability of monies received or disbursed. (Accounting and Uniform Compliance Guidelines Manual for State Agencies, Chapter 1)

The Special Disbursing Officer is accountable at all times for all sums advanced and is personally liable to the State for any amounts expended in any manner not in accordance with the authorization. (Accounting and Uniform Compliance Guidelines Manual for State Agencies, Chapter 7)

DEPARTMENT OF FINANCIAL INSTITUTIONS  
EXIT CONFERENCE

The contents of this report were discussed on June 28, 2005, with Charles W. Phillips, Director; Charles Stumpf, Deputy Director of Administration; and Gina Williams, Supervisor of Administration. The official response has been made a part of this report and may be found on page 6.



# STATE OF INDIANA

DEPARTMENT OF FINANCIAL INSTITUTIONS

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July 5, 2005

Michael A. Hoose  
Supervisor – State Agencies  
State Board of Accounts  
302 West Washington Street  
Room E 418  
Indianapolis, Indiana 46204-2738

Re: Response to State Board of Accounts Audit 2005

Dear Mr. Hoose:

Director Charles Phillips, Supervisor of Administration Gina Williams, and I met with Examiner Matthew Stone on June 28, 2005 to discuss the findings of the 2005 State Board of Accounts Audit of the Indiana Department of Financial Institutions. The following are the issues Mr. Stone indicated would be addressed in the audit and our response to each:

1) The Department made purchases from its Special Disbursing Officer Fund (SDO) which were not proper. These purchases consisted of gift cards in the amount of \$154.50 for staff gifts.

**Response:** Department management was not aware such purchases were not allowed to be paid from the fund. Such purchases will not be made in the future.

2) The Department made reimbursements for interviewing expenses (parking) from its SDO fund without the prior Budget Agency's approval. Receipts for these fees were not retained.

**Response:** In the future, Department management will obtain prior approval from the Budget Agency for all interviewing expenses it determines is in the best interest of the Department to pay and maintain supporting documentation of such expenses for future audit review.

The Department wants to thank Mr. Stone for his professionalism and courtesy during the audit.

If you have any questions, please do not hesitate to contact Supervisor of Administration Gina Williams or the undersigned at (317) 232-3955.

Sincerely,

Charles Stumpf  
Deputy Director of Administration  
Indiana Department of Financial Institutions

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